

**BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of Wisconsin Energy Corporation)	
for Approval to Acquire the Outstanding)	Docket No. 9400-YO-100
Common Stock of Integrys Energy Group,)	
Inc.)	

REPLY BRIEF OF THE ENVIRONMENTAL LAW & POLICY CENTER

The Public Service Commission of Wisconsin (“Commission”) must determine whether approving the application of Wisconsin Energy Corporation (“WEC”) to acquire Integrys Energy Group (“Integrys”) “is in the best interest of utility consumers, investors, and the public.” (Wis. Stat. § 196.795(3)) The Environmental Law & Policy Center (“ELPC”) requests that the Commission deny WEC’s application unless WEC agrees to limit its ownership of American Transmission Company, LLC and ATC Management Inc. (collectively “ATC”) to Integrys’s current ownership interest of 34.07%. WEC’s initial brief did not raise any issues not already addressed in ELPC’s initial brief. Accordingly, ELPC reiterates its request that the Commission should require WEC to dispose of any interest of ATC above 34.07% upon completion of the merger. Alternatively, the Commission should limit WEC’s voting power in all ATC matters - including fundamental corporate matters - to Integrys’s current voting power of 34.07%.

ATC was created to meet the needs of all Wisconsin transmission users and support “effective competition in energy markets without favoring any market participant.” (Wis. Stat. § 196.485(1)(ge)) WEC highlights the fact that the statute does not contain an explicit prohibition of majority ownership. (WEC Initial Brief at 29-30) However, both Wis. Stat. § 196.485 and Commission precedent confirm that ATC was created to “meet the needs of all users” and support “effective competition in energy markets *without favoring any market participant.*”

(Wis. Stat. § 196.485(1)(ge) (emphasis added)) WEC's proposed majority ownership over ATC favors WEC. As noted in ELPC's initial brief, WEC's proposal would allow WEC to use ATC's near monopoly in Wisconsin transmission to its own benefit and to the detriment of Wisconsin customers.

In addition, though WEC proposes to surrender its voting power over all but "fundamental corporate matters," its offer does not go far enough to protect the public interest. (WEC Initial Brief at 29) As noted by numerous witnesses from Commission Staff and other parties, WEC will continue to exert both formal and informal control over various matters at ATC. The fundamental corporate matters that WEC will control include whether or not another company purchases ATC or what changes are made to ATC's governing documents. (Application at 17-18) WEC's proposal allows the company to change the nature of how ATC operates and could result in the ownership of ATC being under the control of one company, WEC. Therefore, even if the Commission allows WEC to own the majority of ATC, the Commission should limit WEC's voting power in *all* ATC matters to 34.07%.

WEC has not demonstrated that its majority ownership complies with Wisconsin law and Commission precedent because it has not shown that it would be "in the best interest of utility consumers, investors, and the public." (Wis. Stat. § 196.795(3)) In addition, WEC's proposal to limit its voting power on all but fundamental corporate matters fails to eliminate the undue influence, both formal and informal, that WEC would wield over the actions and priorities of ATC. The Commission should only approve the merger if WEC agrees to divest of all ATC ownership above 34.07% following the completion of the merger. If the Commission is unwilling to put that requirement on the merger, then the Commission should require WEC to limit its voting rights on *all* matters to 34.07%.

Dated this 6th day of April 2015.

Respectfully submitted,

/s/ Justin Vickers

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